

**DOCOMO Europe Limited**

**Annual report and financial statements**

**Registered number 4071751**

**31 December 2016**

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## Strategic Report

The directors present the Strategic Report of DOCOMO Europe Limited ("the Company"), for the year ended 31 December 2016.

### Business review

The results for the year are shown on page 6. The Company's profit for the financial year was £145,178 (2015: Loss of £11,015). As part of group reorganisation, the Company sold certain assets except for the investment in subsidiary DOCOMO Communications Laboratories GmbH to the UK establishment of its parent company NTT DOCOMO, INC. The transfer agreement which includes TUPE was completed on 1<sup>st</sup> August 2015. Although, the Company transferred the most assets and employees, the Company will continue to exist in a foreseeable future.

### Principal activity

The principal activity of the Company was the management of a European subsidiary, whose activities are research into mobile telecommunication network infrastructure, support in the set-up and operation of wireless services, research regarding regulatory and market issues and resultant public and investor relations brought on by these activities.

This activity further included supporting the further development of the NTT DOCOMO group within Europe, and gathering information regarding mobile telecommunications.

### Principal risks and uncertainties

#### Financial risks

The management considers the Company to be operating in a relatively low-risk environment in terms of finance, as the company is financed through share capital and has no loan liability, and the liquidity ratio is reasonable. Nevertheless, the management strives for more effective internal control.

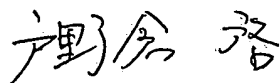
#### Regulatory risks

The environment in which the Company conducts its business is not heavily regulated. However, the management seeks the help of external advisors and the parent company to monitor any risk factors that may affect the company.

#### Operational risks

The Company may be at risk of failing to comply with the global group strategy therefore the management holds regular meetings with the parent company in order to evaluate the position of each project and to implement effective systems to manage these.

By order of the board



K. Tonokura  
Director

1<sup>st</sup> Floor,  
1 King William Street,  
London EC4N 7AR

04 July 2017

## Directors' Report

The directors present their Directors' Report and the financial statements of DOCOMO Europe Limited ("the Company") for the year ended 31 December 2016.

### Dividends

The Company did not declare any ordinary dividend during the year in respect of the previous year. (2015: £1,600,330). The directors do not recommend the payment of a dividend for this year.

### Directors

The directors who held office during the year and up to the date of this report were as follows:

Takahiro Tokumo  
Kei Tonokura (Appointed 12th July 2016)

### Political contributions

The Company made no political donations or incurred any political expenditure during the year.

### Disclosure of information to auditor

The directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

### Auditor

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



K. Tonokura  
Director

1<sup>st</sup> Floor,  
1 King William Street,  
London EC4N 7AR

04 July 2017

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS**

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DOCOMO EUROPE LIMITED**

We have audited the financial statements of DOCOMO Europe Limited for the year ended 31 December 2016 set out on pages 6 to 17. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of audit of the financial statements and from reading the Strategic Report and the Directors' Report:

- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DOCOMO EUROPE LIMITED**  
*(continued)*

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit



.....  
Simon Baxter (Senior Statutory Auditor)  
for and on behalf of KPMG LLP, Statutory Auditor  
*Chartered Accountants*  
15 Canada Square  
London E14 5GL

Date: 4 July 2017 .....

**Profit and Loss Account and Other Comprehensive Income**  
*for the year ended 31 December 2016*

	<i>Note</i>	<b>2016 £000</b>	<b>2015 £000</b>
<b>Turnover</b>	<i>1</i>	-	<b>1,195</b>
<b>Cost of sales</b>		<b>(11)</b>	<b>(1,096)</b>
<b>Operating (loss)/profit</b>		<b>(11)</b>	<b>99</b>
<b>Other interest receivable and similar income</b>	<i>5</i>	<b>146</b>	<b>(49)</b>
<b>Profit before taxation</b>		<b>135</b>	<b>50</b>
<b>Tax on profit</b>	<i>6</i>	<b>10</b>	<b>(61)</b>
<b>Profit/(loss) for the financial year</b>		<b>145</b>	<b>(11)</b>
<b>Other comprehensive income for the year, net of income tax</b>		-	-
<b>Total comprehensive income for the year</b>		<b>145</b>	<b>(11)</b>

The accounting policies and the notes on pages 9 to 17 form part of these financial statements.




**Balance Sheet**  
*at 31 December 2016*

	<i>Note</i>	<b>2016</b> <b>£000</b>	<b>2016</b> <b>£000</b>	<b>2015</b> <b>£000</b>	<b>2015</b> <b>£000</b>
<b>Fixed assets</b>					
Tangible assets	7		18		38
Investments	8		4,804		4,804
			<u>4,822</u>		<u>4,842</u>
<b>Current assets</b>					
Debtors	9	43		185	
Deferred tax asset	10	-		-	
Cash at bank and in hand		5,276		5,007	
		<u>5,319</u>		<u>5,192</u>	
<b>Creditors: amounts falling due within one year</b>	11	<u>(33)</u>		<u>(74)</u>	
<b>Net current assets</b>			<u>5,286</u>		<u>5,118</u>
<b>Total assets less current liabilities</b>			<u>10,108</u>		<u>9,960</u>
<b>Provisions for liabilities</b>					
Deferred tax liability	10	<u>(3)</u>			
			<u>(3)</u>		
<b>Net assets</b>			<u>10,105</u>		<u>9,960</u>
<b>Capital and reserves</b>					
Called up share capital	12		9,889		9,889
Profit and loss account			216		71
<b>Shareholders' funds</b>			<u>10,105</u>		<u>9,960</u>

The accounting policies and the notes on pages 9 to 17 form part of these financial statements.

These financial statements on pages 6 to 17 were approved by the board of directors on 04 July 2017 and were signed on its behalf by:

  
**K. Tonokura**  
Director

Company registered number: 4071751

## Statement of Changes in Equity

	Called up Share Capital £000	Profit & Loss Account £000	Total Equity £000
Balance at 1 January 2015	9,889	1,682	11,571
Total comprehensive income for the year			
Loss for the financial year	-	(11)	(11)
Other comprehensive income	-	-	-
Total comprehensive loss for the year	-	(11)	(11)
Transactions with owners, recorded directly in equity			
Dividends	-	(1,600)	(1,600)
Total contribution by and distribution to owners	-	(1,600)	(1,600)
Balance at 31 December 2015	9,889	71	9,960
	Called up Share Capital £000	Profit & Loss Account £000	Total Equity £000
Balance at 1 January 2016	9,889	71	9,960
Total comprehensive income for the year			
Profit for the financial year	-	145	145
Other comprehensive income	-	-	-
Total comprehensive profit for the year	-	145	145
Transactions with owners, recorded directly in equity			
Dividends	-	-	-
Total contribution by and distribution to owners	-	-	-
Balance at 31 December 2016	9,889	216	10,105

The accounting policies and the notes on pages 9 to 17 form part of these financial statements.

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

DOCOMO Europe Limited is a company limited by shares and incorporated and domiciled in the UK. These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("*FRS 102*") as issued in August 2014 and on the historical cost accounting rules. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000. In the transition to FRS 102 from old UK GAAP, the Company has made no measurement and recognition adjustments.

The Company has taken advantage of the exemption to prepare consolidated financial statements under Section 401 of the Companies Act 2006, on the grounds that it is a wholly owned subsidiary undertaking of NTT DOCOMO, Inc., a company registered in Japan. These financial statements present information about the Company as an individual undertaking and not about its group.

The Company's ultimate parent undertaking, Nippon Telegraph and Telephone Corporation, includes the Company in its consolidated financial statements. The consolidated financial statements of Nippon Telegraph and Telephone Corporation are available to the public and may be obtained from 11-1, Nagata-cho 2-chome, Chiyoda-ku, Tokyo 100-6150, Japan. In these financial statements, the company is considered to be a qualifying entity and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of NTT Docomo Japan include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- The disclosures required by FRS 102.11 *Basic Financial Instruments* and FRS 102.12 *Other Financial Instrument Issues* in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1:

### *Going concern*

On 01 August 2015 and 01 April 2016 the Company sold certain assets except for the investment in subsidiary DOCOMO Communications Laboratories GmbH to NTT DOCOMO, Inc. identified in the Asset Transfer Agreement, as part of an internal group reorganisation for the benefits of the establishment in the UK. However, after making enquiries, the directors still have a reasonable expectation that the business has adequate resources to continue in operational existence for the foreseeable future. The Company will continue to hold the investment in subsidiary DOCOMO Communications Laboratories Europe GmbH and thus, the going concern basis continues to be adopted in the preparation of these financial statements.

### *Investments*

Fixed asset investments are stated at cost less amounts written off in respect of any impairment.

## Notes (continued)

### 1 Accounting policies (continued)

#### *Tangible fixed assets and depreciation*

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Improvements on leasehold buildings	-	life of lease
Tools, furniture, fixture	-	4 years
Note book PC	-	3 years
Project related fixed assets	-	Over agency contracted period

Depreciation method, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

#### *Leases*

Operating lease rentals are charged to the Profit and Loss Account on a straight line basis over the period of the lease. Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors.

#### *Taxation*

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax assets are recognised to the extent that they are regarded as recoverable. Deferred tax assets are regarded as recoverable to the extent that on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Except where otherwise required by accounting standards, full provision without discounting is made for all timing differences that have arisen but not reversed at the balance sheet date.

#### *Turnover*

The Company's turnover is principally derived from costs recharged to the parent company at a mark-up of 10 percent and is recognised when the related services are rendered.

### 2 Remuneration of directors

	2016 £000	2015 £000
Directors' emoluments	-	158

The aggregate of remuneration of the highest paid director was £ nil (2015 :£ 103,581) and company pension contributions of £ nil (2015 :£ nil) were made to a money purchase scheme on his behalf. The directors were not paid during the year as they did not spend any significant time for the entity.

## Notes (continued)

### 3 Auditor's remuneration

The total remuneration payable by the Company, excluding VAT, to our auditor, KPMG LLP was as follows:

	2016 £000	2015 £000
Audit of these financial statements	23	30
Other services	-	20
	<u>23</u>	<u>20</u>

### 4 Staff numbers and costs

The average number of people employed by the Company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2016	2015
Operations	-	5
Administration	-	4
	<u>-</u>	<u>9</u>

The aggregate payroll costs of these persons were as follows:

	2016 £000	2015 £000
Wages and salaries	-	403
Social security costs	-	9
Other pension costs	-	3
Payroll tax	(110)	-
	<u>(110)</u>	<u>415</u>

The Company accounted a payroll tax refund which is due from closing its modified payroll scheme.

### 5 Interest receivable and payable and similar income and expenses

	2016 £000	2015 £000
Net exchange gains / (losses)	146	(49)
	<u>146</u>	<u>(49)</u>

Notes (continued)

6 Taxation

Total tax expense recognised in the profit and loss account, other comprehensive income and equity

	2016 £000	2015 £000
<i>Current UK corporation tax</i>		
Current tax on income for the period	(13)	18
Adjustments in respect of prior periods	-	-
Total current tax	(13)	18
<i>Deferred tax (see note 10)</i>		
Origination / Reversal of timing differences	39	41
Adjustment in respect of previous periods	(36)	2
Total Deferred tax	3	43
Total tax	(10)	61

Factors affecting total tax expense for the current period

The tax expense for the period is lower (2015: higher) than the standard rate of corporation tax in the UK 20% (2015: 20.25 %). The expense for the year can be reconciled to the profit per the income statement as follows:

	2016 £000	2015 £000
<i>Current tax reconciliation</i>		
Profit for the period – continuing operations	135	50
Tax on profit at standard UK rate of 20% (2015: 20.25%)	27	10
Effects of:		
Expenses not deductible for tax purposes	1	8
Adjustments to tax expense in respect of previous periods	(36)	-
Decrease in estimate of recoverable deferred tax asset	-	41
Tax rate changes	(2)	-
Other adjustments	-	2
Tax expense for the period	(10)	61

## Notes (continued)

### 6 Taxation (Continued)

#### Factors that may affect the current and total tax charge in future periods

The UK tax authorities have reduced the UK rate of corporation tax from 1 April 2017 to 19% and by a further 2% to 17% from 1 April 2020. No Further UK corporation tax rate reductions have been announced. As such, the UK timing differences have been recognised at the rate at which the timing differences are expected to unwind.

### 7 Tangible fixed assets

	Leasehold improvements £000	Fixtures, fittings, tools and equipment £000	Total £000
<b>Cost</b>			
Balance at 1 January 2016	-	281	281
Disposals	-	(8)	(8)
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2016	-	273	273
	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>			
Balance at 1 January 2016	-	243	243
Charge for year	-	17	17
On disposals	-	(5)	(5)
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2016	-	255	255
	<hr/>	<hr/>	<hr/>
<b>Net book value</b>			
At 1 January 2016	-	38	38
	<hr/>	<hr/>	<hr/>
At 31 December 2016	-	18	18
	<hr/>	<hr/>	<hr/>

Notes (continued)

8 Fixed asset investments

	DOCOMO Communications Laboratories Europe GmbH £000	Total £000
<i>Cost</i>		
Balance at 1 January 2016	4,804	4,804
Disposal	-	-
Balance at 31 December 2016	4,804	4,804
<i>Provisions</i>		
Balance at 1 January 2016	-	-
Balance at 31 December 2016	-	-
<i>Net book value</i>		
At 31 December 2016	4,804	4,804
At 31 December 2015	4,804	4,804

The company received no dividend from DOCOMO Communications Laboratories Europe GmbH during the year.

The company has the following investment in subsidiaries:

Subsidiary undertakings	Registered Office	Principal Activity	Class and Percentage of shares held
DOCOMO Communications Laboratories Europe GmbH	Landsberger Strasse 312 80687 Munich, Germany	Research activities for next-generation platform technology based in Europe	Ordinary 100%



**Notes (continued)**

**9 Debtors**

	2016 £000	2015 £000
Amounts owed by group undertakings	-	120
Other debtors	-	38
Taxation	43	22
Prepayments and accrued income	-	5
	<u>43</u>	<u>185</u>
Due within one year:	43	185
Due after more than a year:	-	-
	<u>-</u>	<u>-</u>

**10 Deferred tax assets and liabilities**

Deferred tax (assets) and liabilities are attributable to the following:

	2016 £000	2015 £000
Provision at start of period	-	(41)
Adjustment in respect of prior years	(36)	-
Deferred tax charge to income statement for the period (see note 6)	39	41
	<u>3</u>	<u>-</u>
Provision at end of period	3	-
	<u>3</u>	<u>-</u>
Fixed asset timing differences	3	-
	<u>3</u>	<u>-</u>
<b>Deferred tax liabilities</b>		
Payable after more than one year:	3	-
	<u>3</u>	<u>-</u>

**11 Creditors: amounts falling due within one year**

	2016 £000	2015 £000
Trade creditors	3	1
Amounts owed to group undertakings	2	16
Other creditors	-	50
Accruals	28	7
	<u>33</u>	<u>74</u>

## Notes (continued)

### 12 Called up share capital

	2016 £000	2015 £000
<i>Authorised</i> 10,000,000 ordinary shares of £1 each	10,000	10,000
<i>Allotted, called up and fully paid</i> 9,888,694 ordinary shares of £1 each	9,889	9,889

### 13 Commitments

Annual commitments under non-cancellable operating leases are as follows:

	2016 Land and Buildings £000	2016 Other £000	2015 Land and buildings £000	2015 Other £000
Non-cancellable operating lease rentals are payable as follows:				
Less than one year	-	-	-	15
Between one and five years	-	-	-	22
More than five years	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>37</u>

### 14 Pension scheme

The Company does not operate an occupational pension scheme but makes a percentage contribution of qualifying salary on behalf of certain employees into the group defined contribution pension scheme. The outstanding contributions to the pension scheme as at 31 December 2016 were nil (2015: £nil).

### 15 Related party disclosures

The Company is controlled by its immediate parent undertaking NTT DOCOMO, Inc. in Japan. NTT DOCOMO, Inc. is controlled by Nippon Telegraph and Telephone Corporation (incorporated in Japan), which is the Company's ultimate parent company.

The Company entered into various commercial agreements with NTT Europe Limited, which has the same ultimate parent company, Nippon Telegraph and Telephone Corporation.

NTT Europe Limited provided a document storage service, IT maintenance work and IT equipment supply for the Company during the year. The whole year's cost is £22,333 (2015: £135,407) of which £2,148 is outstanding in relation to this transaction at the balance sheet date.

**Notes (continued)**

**16 Ultimate parent company and parent undertaking of larger group of which the Company is a member**

The Company is a subsidiary undertaking of Nippon Telegraph and Telephone Corporation, which is the ultimate parent company incorporated in Japan.

The largest group in which the results of the Company are consolidated is that headed by Nippon Telegraph and Telephone Corporation, incorporated in Japan. The smallest group in which they are consolidated is that headed by NTT DOCOMO, Inc. in Japan. No other group financial statements include the results of the Company. The consolidated financial statements of these groups are available to the public and may be obtained from 11-1, Nagata-cho 2-chome, Chiyoda-ku, Tokyo 100-6150, Japan.